

Message Text

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70

ACTION AF-07

INFO OCT-01 ISO-00 EUR-12 NEA-06 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01

INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 FEA-01

PA-01 PRS-01 USIA-06 /101 W
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R 291207Z NOV 74

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 7008

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E.O. 11652: N/A

TAGS: ENRG, NI

SUBJ: PETROLEUM: GOVERNMENT INCREASES GULF OIL CUTBACK

REF: LAGOS 10778

1. IN ITS WRITTEN APPROVAL OF LAST WEEK'S PRODUCTION CUTBACK BY GULF OIL, NIGERIAN GOVERNMENT ORDERED FURTHER REDUCTION TO 235,000 BARRELS PER DAY. CURRENT GULF PRODUCTION IS THEREFORE ABOUT 59 PERCENT OF CAPACITY RATHER THAN 75 PERCENT (REFTEL).

2. ACCORDING GULF MANAGING DIRECTOR, FMG SIMPLY CITED "CONSERVATION" AS ITS REASON FOR DECREERING LOWER RATE. HE SAYS HE IS UNDECIDED WHETHER FMG MADE CUTBACK FOR POLICY REASONS OR IN ORDER TO EXPRESS DISSATISFACTION WITH GULF. HE ADMITS GULF'S INITIATIVE NOT LIKELY CURRY FAVOR WITH FMG AND MIGHT INTERFERE WITH PENDING GULF PROPOSALS (E.G. LNG), BUT HE SAID COMPANY COULD NOT WAIT INDEFINITELY BEFORE CUTTING LOSS IT IS NOW TAKING FROM NIGERIAN CRUDE.

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3. COMMENT. IN EMBASSY'S VIEW, FMG DECREED LOWER PRODUCTION

RATE PRIMARILY IN ORDER TO DEMONSTRATE THAT GOVERNMENT NOT
COMPANY ULTIMATELY CONTROLS PRODUCTION. GOING ALONG
WITH OTHER OPEC MEMBERS' REDUCTIONS WAS POSSIBLY SECONDARY
CONSIDERATION, AND TWITTING GULF AS SUCH PROBABLY LEAST
IMPORTANT.
REINHARDT

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Message Attributes

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